

**RHODE ISLAND PUBLIC TRANSIT AUTHORITY
BOARD OF DIRECTORS
MINUTES OF Monday, March 19, 2012 MEETING**

Board Members Present: Mayor Scott Avedisian, Chairperson; Jerome Williams; Michael Lewis; Maureen Martin, Anna Liebenow; Thomas Deller; Stephen Durkee; and Margaret Holland McDuff.

Also Present: Charles Odingbe, Chief Executive Officer; Todd Gleason, (Outside Counsel); Andrew Prescott, (Outside Counsel); Ellen Mandly; and other members of RIPTA's staff and members of the public whose names are on the sign-in sheet.

Agenda Item 1: Vote on February 20, 2012 Meeting Minutes

Mayor Scott Avedisian called the meeting to order at 2:47 p.m. and asked if the Board members had an opportunity to review the minutes of the meeting held on February 20, 2012 and the Board members indicated that they had. Ms. Martin made a motion to approve the minutes of the meeting. Mr. Lewis seconded the motion and the minutes of the meetings held February 20, 2012 unanimously approved.

Agenda Item 2: ABBG Performance Indicators

Anne LeClerc addressed the Board to give a presentation on the

ABBG Performance Indicators. She began discussing the PowerPoint handout by giving the four primary objectives on page one: To develop and use a concise, well-balanced, and comparable KPI system for performance measurements; to understand the reasons for performance trends and identify best practices; to facilitate the sharing of knowledge and best or otherwise interesting practices in a confidential environment; and to establish an ongoing benchmarking process that considers the resources available to mid-sized agencies.

Ms. LeClerc then discussed each slide covering topics such as the definition of benchmarking, improving transit performance through benchmarking, a description of the ABBG group and the Imperial College of London, examples from IBBG results, ABBG principles, the various phases of the process, future tools and sample charts. She discussed in detail the bullets contained in each of these slides.

Ms. LeClerc stressed that at this point in time this process is very confidential and the participants have signed confidentiality agreements limiting what can be disclosed.

Agenda Item 3: Stakeholder Comment

Agenda Item 14: CTC Legislation

The Board Chair invited Jerry Elmer and John Flaherty from the Coalition for Transportation Choices (CTC) to give stakeholder

comments. Mr. Flaherty began by describing the CTC saying their mission is to be an advocate for improved transportation and they are guided by a 10 member working group and he described the makeup of that group.

Mr. Flaherty said the group advocates for increased and sustainable funding to create and maintain a 21st century transportation system that enhances our economy, safeguards the environment and provides people with healthy and affordable transportation choices. The CTC does this through research, public forums, coordinating transit improvement efforts within public and private sectors and advocates for sound investment, planning and implementation that will benefit all Rhode Islanders. They also work to influence state legislative support and to build community consensus. He then described some of their recent lobbying efforts.

Mr. Elmer spoke next and explained House Bill 7581 which seeks an amendment to the Transportation and Debt Reduction Act of 2011. If successful this bill will correct the structural deficiency inherent with RIPTA's current funding mechanism. Mr. Elmer then elaborated on the background and justification for Bill 7581 (contained in the Board report that members received prior to the meeting.)

Mr. Elmer described the lobbying efforts conducted by CTC last year and said the Transportation and Debt Reduction Act of 2011 was only half successful as the funds were ultimately directed to RIDOT, and

the current bill seeks to remedy RIPTA's financial issues this year. Mr. Elmer gave a lengthy history of last year's bill and the CTC's efforts to restore four changes that were made, chief among them to be successful on RIPTA's behalf this year with the proposed amendment that would restore RIPTA as the beneficiary of 35% of the funds.

The members of the Board received a copy of House Bill 7581 and a breakdown of the funds that the bill proposes to direct to RIPTA from FY 2012 through FY 2017 which would solve RIPTA's funding and deficit dilemma. Messrs Elmer and Flaherty the answered questions regarding the financial solutions proposed in the bill and the phase in process.

Mr. Odimgbe remarked that last year RIPTA's cries for help were drowned out during the legislative session and we may have pursued to many angles in our quest for financial assistance. He said he supports this bill and he is hopeful the Board will as well.

Following the presentation by the representatives from the CTC and Mr. Odimgbe's remarks Ms. Martin made a motion the Board support House Bill 7581 ad Ms. Holland McDuff seconded the motion. The motion supporting House Bill 7581 passed unanimously.

Following the vote RIDOT Director Michael Lewis applauded the CTC's efforts for their advocacy and remarked that we must continue

to find new ways to invest in transit or make cuts, there is no other alternative.

Agenda Item 4: Public Comment

The Mayor asked for Public Comments and recognized Donald Rhodes of the RIPTA Riders group. Mr. Rhodes applauded the CTC for the efforts and the RIPTA Board for supporting Bill 7581. He fears further cuts to RIPTA routes would impact his ability to get to work and he fears he could lose his job.

Paul Harrington, President of the Amalgamated Transit Union spoke next. Mr. Harrington also thanked the CTC for all their support and advocacy for public transit and also for RIDOT. He then discussed Bill S1813 a federal bill voted on by the Senate and supported by Senators Whitehouse and Reed. He said this bill advocates for mass transit and allows for more federal funds to be used for operating costs. He is hopeful this bill will pass by March 31st.

Next Mr. Harrington commented on the Creative Agency & Interior/Exterior Bus Advertising procurement on the Board agenda and said that he feels this expense may not be prudent considering the upcoming layoffs. He asked the Board members to carefully review this item. Mr. Harrington has the same concern regarding another agenda item, the Comprehensive Operational Analysis. He feels RIPTA's planning staff is competent to do this analysis and feels

using consultants such as Peter Schauer is a waste of money.

Finally Joe Cole a RIPTA bus operator spoke and said he was upset about the displacement of jobs and people at RIPTA. He described an incident of overcrowding of buses heading to Newport for the Parade from Kennedy Plaza on St. Patrick's Day and also described some service at Bryant University which has been adjusted. He feels these incidents and changes are wrong and sad.

Agenda Item 5: Chief Executive Officer's Report

Charles Odimgbe began his report by asking if there were any questions on the E-Team report and hearing none he asked Paul LaFlamme to report on the delays to the ATMS installation.

Mr. LaFlamme said ACS informed RIPTA on 2/16 that there will be a 13 month delay in the schedule due to employee turnover and a change in their development process and all of their customers are impacted. A meeting was held between the CEO, ACS's GM to discuss the delay, what can be done to pull the schedule back in, and compensation because ACS is in breach of contract with this delay.

He said ACS is proposing a phased approach using cellular technology for data. They indicated they would pick up the cost of the cellular service he then talked at length and gave the details of the phased in approach from August 2012 to January 2013 (Mr.

LaFlamme actually prefers the phased in approach). He said that ACS has not generated a schedule for the remaining RIPTA specific deliverables and we have not talked about restructuring payments or cost adjustments. There are risks but most of them are ACS's but we should have completion by mid 2013.

Mr. Odimbe said it is important to understand that he is wants to work with ACS to get the best product and therefore will allow some latitude to adjust the scheduling. Mr. Williams commented that the revised schedule seemed quite aggressive and ACS has high employee turnover which could be a red flag. This issue was discussed and Messrs Odimbe and LaFlamme said they have reached out to other transits to discuss the issue and what is happening is not uncommon. Mr. Williams said staff must ask to review their financials and get performance guarantees. Todd Gleason said he will draft a response to ACS.

Mr. Odimbe then discussed using operating funds for the purchase of fuel. He said so far has been flat lining, but given recent projections it could rise as high as \$5.00 by summer against our budgeted amount of \$3.50 and he will continue to monitor prices in hopes of getting a good lock-in amount. He then discussed recent ridership figures in the CEO report and also the KPIs. Mr. Odimbe said that soon the KPI's will be replaced by data from the ABBG as we will have a baseline comparison with other transit agencies. Ms. Liebenow than commented on the KPI's covering ADA announcements and Mr. Odimbe said he would look into these

further and report back.

Agenda Item 6: Joint Pension Plan Amendments

Andrew Prescott and Maureen Neira addressed the Board members to discuss the pension plan restatement discussed earlier at the Joint Pension Meeting. Mr. Prescott said that RIPTA's actuaries have restated the pension plan document to be in compliance with the Economic Growth and Tax Relief Act and other new legislation. He said these proposed changes to the pension plan are prompted by EGTRAA and IRS rule changes and are recommended for approval by the Board to bring the plan into compliance.

Mr. Prescott said his firm had done an analysis to determine whether the changes had affected any of the key, collectively bargained provisions (such as the multiplier or retirement age) and we determined that there were no such changes. He emphasized that we had not done an analysis of every change to ensure compliance with the various laws because these were essentially IRS form documents and they deemed that such a review would not be necessary or worth the cost. Mr. Prescott explained that rather than amend the plan every time there is a change in the law, the plan is periodically reviewed and amended or restated to bring it into compliance."

Mr. Prescott said that today the Board is being asked to vote to approve the plan amendments in the restated plan and in the form of

the stand alone amendment (the Board had both these documents before them). If approved the CEO would be authorized to execute the plan documents and the JPB would also sign the documents.

Mr. Prescott said that at the JPB meeting there was discussion of these documents and he had given the same explanation. He noted that at the JPB meeting Jerry Williams said he would feel more comfortable seeing the plan with the actual changes indicated and a summary of the changes and the JPB had reached consensus on this opinion. There was a discussion of this issue and Mr. Prescott noted that time is of the essence as the plan must be approved soon.

Mr. Prescott then read the following motions for approval by the Board:

That the Rhode Island Public Transit Authority Employee's Pension Plan, as restated, be adopted in the form presented at the meeting, effective January 1, 2012, subject to the approval of the Internal Revenue Service.

That the Joint Pension Board shall continue to serve as the Trustee of the Plan, and the Trust Agreement dated May 20, 2002 shall remain in force and effect.

That the Amendment to the Plan be adopted in the form presented at the meeting, effective as of the dates indicated therein.

That the appropriate officers of the Authority are hereby authorized and directed to executive the Plan, and Amendment, and to take any and all actions necessary or appropriate to effectuate the foregoing votes, including the making and execution of any subsequent changes or amendments to the Plan.

Following the reading of the votes Mr. Williams moved for approval and Mr. Deller seconded. Mayor Avedisian asked if there was any other discussion on this matter and Mr. Williams said the approval needed to be subject to the Board receiving the documents with the tracked line changes prior to the end of the month. After brief discussion the Board decided to hold two separate votes on this matter and tabled the previous motion by Mr. Williams.

Mr. Williams then motioned that the Board receive the track changes to the pension plan and the summary plan for review prior to the end of the month and reserve that the Board reserves the right to meet again on this matter if needed. Mr. Deller seconded and the motion passed unanimously.

Mr. Williams made a motion to approve the votes as read into the record by Mr. Prescott. Mr. Lewis seconded and the motion passed unanimously.

Agenda Item 7: FY 2013 Budget Update

Maureen Neira addressed the Board to give the FY 2013 Budget Update. She said the budget continues to incorporate steady state fixed route operations, flexible service operations and paratransit. The total operating expense budget is reduced to \$105,809,141 from the preliminary budget of \$107,574,269. The updated 2013 budget reflects an \$8million deficit, down from \$10 million in the preliminary budget. She said the majority of the modifications are a result of a staff reassignment and reorganization within RIPTA. Staffing and associated fringe benefits resulted in approximately \$1.6 million in savings. She said there were also a few other minor adjustments.

Ms. Neira said that service reductions had been discussed at the public hearings held during the summer; however these were not put in place, just some minor tweaks to the system.

The CEO noted that the deficit went from \$10 million to \$8 million with no carryovers. He said he will be able to explain to the General Assembly that we have done a lot to help ourselves during this financial crisis because we have streamlined operations and sought efficiencies, but given the magnitude of our deficit problem it is imperative that we get help from them because we are at the point where we cannot cut anymore. He said staff should be applauded for their hard work in this area.

Following these remarks Mr. Deller made a motion to approve the FY

2013 Budget Update as presented. Mr. Durkee seconded the motion and it passed unanimously.

Agenda Item 8: Finance Committee Report/Multi Year Budget Update

Maureen Neira addressed the Board to give the Finance Committee Report and Multi Year Budget Update.

At this point Mr. Williams left the meeting.

Ms. Neira reported that the Finance Committee met on March 2nd and the discussion centered on the multi year budget, which was driven off of the original \$10 million budget deficit, which is actually a bit less now. Mr. Lewis then asked the members to refer to the last page of the board report which summarizes the bottom line of \$63 million.

Ms. Neira then went over the assumptions discussed at the Committee meeting which were used to create the multiyear budget and which were depicted in detail in the board report. She used information from the state budget office, the gasoline yield projections, the CPI, projections on health care costs and debt service and contractual commitments to develop her assumptions. The Committee discussed the assumptions and based on their feedback she made certain changes which she described. One issue discussed was competing bills in the house and senate. Mr. Lewis

interjected and gave an explanation of these bills and said ultimately there will likely be a continuation of the existing bill to enable funds to continue to flow and he then described various scenarios that could occur if either of the bills were to pass.

Ms. Neira continued saying Ms. Picchione had created a four page federal funds overview to show where the funds are coming from and all other pertinent information. Ms. Neira briefly discussed the overview and said that today we use well over \$15 million in federal funds to support our operating budget and any significant change to federal funding will create a huge issue for RIPTA and greatly affect our capital budget. She said that this is a big concern and Director Lewis agreed. Mr. Odimgbe also expressed his concerns about this issue in some detail.

The Chair asked for comments and Mr. Lewis commended Lilly Picchione for her work on the overview. The CEO added that the reason he asked staff to develop the multi year budget is to give the Board a better view as to what is coming so we can begin to plan. He said this is a living document that will be updated yearly.

Ms. Neira then explained that in FY 2014 there is a substantial increase in the budget deficit and this is due to the Authority beginning to fully fund the retiree's trust. She then gave a quick background on GASB 45 and the existing funding liability and how this affects RIPTA's ability to obtain bonds. Director Lewis then

commented on the bonding issue and said we need to begin to develop a method to pay for local matching funds that is not dependent on bonds. He said we need to develop a way to pay local matching on a pay as you go basis and the CEO agreed with this sentiment.

Mr. Odimgbe then announced the Senate Finance hearing to be held the next day. He and the Mayor will attend and testify and he invited all Board members to attend if they are available.

Agenda Item 10: IFB 12-21 87 Octane Unleaded Gasoline

Roger Mencarini addressed the Board to discuss the agenda item for IFB 12-21 87 Octane Unleaded Gasoline. Mr. Mencarini said the RIPTA Board is asked to award a contract to Dennis K. Burke, Inc. of Chelsea, MA to supply and deliver unleaded gasoline for the Authority. This is a one-year contract with up to four annual renewals options. The gasoline will be delivered to the Authority at a markup of \$0.0210 per gallon above the lowest Providence Tank car price as posted in the Journal o Commerce. Dennis K. Burke was the lowest responsive bidder.

Following Mr. Mencarini's remarks Mr. Deller moved to approve the award for the supply of unleaded gas to Dennis K. Burke, Inc as recommended by staff. Mr. Lewis seconded the motion and it passed unanimously.

Agenda Item 11: Creative Agency & Interior/Exterior Bus Advertising

Mark Therrien introduced Dan Bannister from the Marketing Department to give the next report two Board reports on Creative Agency and Interior/Exterior Bus Advertising which will require separate approval. Mr. Bannister discussed the background and justification for the award of the proposed contract to PriMedia to conduct media buying and marketing services for three years with two options. The cost of the contract is \$500,000 per year and the work will be performed on an as-needed-basis. Under this contract RIPTA will launch a one-year creative concept and strategic marketing media image campaign.

Mr. Bannister noted that using an agency like PriMedia gives RIPTA the ability to get bulk discounts on advertising that would not ordinarily be available to us. Additionally, RIPTA's marketing staff is made up of just two people and the new campaign will require additional assistance. Mr. Bannister then elaborated on the RFP process and some of the aspects of the campaign and he answered some questions from the Board members.

Maureen Martin commented that she had viewed the "So Many Reasons to Ride" campaign and thought it was great, but questioned the expense in light of the layoffs. Following some additional remarks and questions Ms. Holland McDuff made a motion that the

contract to PriMedia be approved as recommended by staff. Mr. Lewis seconded the motion and Mayor Avedisian abstained. The motion passed with 7 members of the Board approving and 1 abstaining.

Next Mr. Bannister discussed RFP 12-16 for Interior/Exterior Advertising and said staff recommends the Board award a contract to Direct Media to conduct interior and exterior bus advertising sales for one year with up to four renewal options. Guaranteed annual revenue from this contract is \$400,000 for the first year and an additional \$10,000 per year thereafter. This amount may increase based on sales and any amount over \$400,000 will be split between Direct Media and the Authority. The Authority will also receive a minimum of \$25,000 worth of media trade to use at their discretion.

Following Mr. Bannister's remarks Mr. Deller moved to approve the award for interior and exterior advertising to Direct Media as recommended by staff. Mr. Lewis seconded the motion and it passed unanimously.

Following the vote Mr. Odimgbe complimented Mr. Bannister on his work with these two procurements. Ms. Martin the remarked on the lack of diversity of the actors in the ad she had viewed and said RIPTA should be using actors that are representative of their ridership.

Agenda Item 12: Comprehensive Operational Analysis

Mark Therrien and Amy Pettine addressed the Board to discuss the Comprehensive Operational Analysis, but prior to their remarks the CEO said he has been pushing for the COA since he arrived a RIPTA because one has not been performed since the 90's and we need to study the service currently on the street before we can change it because the demographics have completely changes since the 90's. He said there are too many unanswered questions about our current service and with the COA he hopes to answer these and put service into lay person terms and find the gaps.

Ms. Pettine then said staff is seeking approval of an award to Nelson Nygaard to conduct a comprehensive operational analysis of RIPTA's system to help identify strengths as well as opportunities for improvement to service. The COA will be a system-wide review of services addressing connectivity with local and regional transit services, route coverage, operating speed and reliability, as well as improved frequency of service. She then discussed the criteria and discussed the 5 objectives detailed in the board report.

Ms. Pettine said the COA is quite comprehensive and will also include a public participation component allowing the broader public to better understand how we provide transit in Rhode Island and make suggestions for improvement. She said the COA is especially needed at this time due to our financial crisis so we can translate the findings

of the COA into cost savings.

Ms. Pettine answered questions regarding the timeline of the analysis and the cost and most members expressed support of the COA. Ms. Martin however expressed concern regarding the cost of the COA when we are in the midst of laying off employees.

Following this discussion Mr. Deller moved to approve the award for of the contract to Nelson Nygaard to conduct a comprehensive operational analysis of RIPTA's system. Michael Lewis seconded the motion. Maureen Marin opposed the motion. The motion to approve the award of the contract passed with 6 in favor and 1 opposed.

Agenda Item 9: Strategic Planning Committee

Agenda Item 13: Core Connector LPA

Amy Pettine gave an update of the Strategic Planning Committee meeting held on March 1st and said three main issues were discussed: the Core Connector (a separate agenda item today), RIPTA funding and Legislative updates. Also discussed was keeping the Committee abreast of all planning initiatives including what has been achieved, what is unfunded that remains to be achieved, developing tools to keep the Committee abreast going forward, and Marketing Efforts and the lengthy discussion of the CTC legislation.

Mr. Durkee said that regarding the Core Connector as a group the

Committee agreed that while the Core Connector issue still needs to be vetted further, the locally agreed upon alternative was the street car and this phase of the project needs to be completed and that is where we are. If this group cannot make the decision to move forward with the locally approved alternative, we cannot move forward to develop funding. He stressed that this project may not happen for some time and acknowledged that we need to get stronger support from the State, the Mayor of Providence and from the business community.

Mr. Deller then gave a history of the capitol center project that was first planned in the 60's and was also considered difficult to implement but years later it did move forward and only could because the effort was made along the way to get to that point. He said transit will make or break this state economically – we need roads to drive the buses on and rail to move people and grow the economy. The Core Connector is one piece of the plan for a truly intermodal system and we need to take the next step to move it forward.

Mayor Avedisian said it has taken a long time to pull the pieces of the plan together and having a good plan keeps us on track to get closer to our vision for the future. Director Lewis agreed that we need a vision, but don't commit down a path that we can't support until the time is right. He agreed that it is appropriate though to keep the ball moving.

Ms. Pettine said that by selecting the recommendation of the Core Connector study we are concluding that this project has merit and it would meet the connectivity, development livability goals that were established at the outset of the study and we should continue to pursue for implementation, however by adopting LPA we are not committing RIPTA or anyone else to procure funds to support the project and not committing to any construction time table. Also many elements need to be worked out with the business community, city and state, but this allows us to move the project along.

Steve Durkee moved to adopt the locally approved alternative and Tom Deller seconded. The motion passed unanimously.

Agenda Item 10: Executive Session Pursuant to RIGL 42-46-5(a)(2) for Discussions and/or Action Related to Collective Bargaining and Discussions relating to a Personal Injury Claim

Mayor Avedisian asked for a motion to convene to executive session pursuant to RIGL 42-46-5(a)(2) for Discussions and/or Action related to Collective Bargaining and for Discussions relating to a Personal Injury Claim. Mr. Deller read the law to go to executive session and made the motion. Mr. Durkee seconded the motion and a roll call vote was taken. The motion to adjourn to executive session passed unanimously.

Following the Board's return to open session Mr. Lewis made a

motion to seal the minutes of the executive session. Mr. Durkee seconded the motion, and it passed unanimously.

Agenda Item 13: Adjournment

Michael Lewis made a motion to adjourn the meeting. Margaret Holland McDuff seconded the motion and it was unanimously approved and the meeting was adjourned.

Respectfully submitted,

Ellen M. Mandly

Recording Secretary